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C O N F I D E N T I A L SECTION 01 OF 03 BUCHAREST 000289

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E.O. 12958: DECL: 02/17/16  
TAGS: [PGOV](#) [PHUM](#) [KJUS](#) [KCRM](#) [SOCI](#) [ECON](#) [RO](#)  
SUBJECT: ROMANIA'S ANTI-CORRUPTION BATTLE HEATS UP --  
FORMER PM NASTASE, OIL BARON PATRICIU FACE INCREASED  
SCRUTINY

REF: A) BUCHAREST 00111 B) BUCHAREST 00239

Classified By: DCM Mark Taplin for reasons 1.4 (B) and (D)

11. (C) Summary: The National Anti-corruption Department (DNA) formally indicted former Prime Minister Adrian Nastase February 16 on bribery and corruption charges. Although the DNA has not showed its full hand, some of the charges relate to a suspicious property purchase in central Bucharest at well-below market price. Investigations against Nastase on other charges also continue (ref A). Meanwhile, prosecutors asked a tribunal judge to arrest RomPetrol Chairman Dinu Patricu and his Amcit associates Phil Stephenson and Colin Hart on charges that they constituted a "threat to public order" by tampering with evidence and influencing witnesses -- a request the judge temporarily denied. Nastase, Patriciu, and others currently under scrutiny attribute the investigations to a politically motivated campaign orchestrated by President Traian Basescu. Although the Romanian Senate voted to strip the DNA of its authority to prosecute cases against top officials (ref B) legislation to retain the DNA's authority is expected to pass on a second review following consultation between Basescu and the political parties. The media and the politicians agree the battle against high-level corruption -- if that is what it truly is -- has reached the boiling point. Although there are some doubts any senior politician will ultimately be convicted, the frenzied media scrutiny and public speculation has no doubt significantly compromised the political futures of Nastase and others. It has also injected a new sense of fear and uncertainty in a political class little accustomed to this type of aggressive scrutiny, and nervous over the prospect of who might next find himself under the hot lights, and on what basis. End Summary.

It's Official: Nastase Indicted

12. (C) Former PM Nastase appeared before the DNA February 16 to receive officially charges against him reportedly for bribery and abuse of his former position in a manner that benefited him financially. While the DNA has not released details of the charges, at least some reportedly relate to his purchase of an apartment, located on Zambaccian Street in central Bucharest, at a fraction of the market price. According to information leaked in the media, the property -- which was originally owned and then sold by the MFA while Nastase was Foreign Minister -- switched hands repeatedly among PSD associates until it was re-sold to Nastase at roughly two percent of the market price. Separate charges relate to similarly complex business transactions and

property sales, as well as to "gifts" that Nastase received while in office ostensibly in exchange for political favors or high-level government appointments.

13. (C) Nastase, still under investigation for a suspicious inheritance from his wife's elderly aunt (ref), has called the charges "un-provable" and the result of a vendetta launched by Minister of Justice Monica Macovei and Anti-Corruption Chief Prosecutor Daniel Morar. Indeed, Nastase publicly called Morar a "Soviet Commissar" carrying out attacks against political enemies. During a private conversation with DCM on February 6, Nastase also blamed Basescu, whom he asserted had launched a political campaign against his adversaries and sought to divide the political opposition. As current president of the Chamber of Deputies, Nastase has invoked immunity and manipulated parliamentary procedures to prevent prosecutors thus far from searching several of his residences. Nonetheless, the Chamber could, in the coming weeks, lift his immunity to allow a search.

14. (C) PSD president Mircea Geoana has declined to comment on the specific charges against Nastase, asserting that the PSD will stick with the former PM until prosecutors "publicly prove" the latter's guilt. Regardless of whether Nastase is ever convicted, numerous politicians have opined to post that his political career has been severely compromised. Independent MP Cosmin Gusa characterized Nastase as "politically dead." In Gusa's view, Nastase will "never be directly elected to anything," and already "many within his own party are not returning his calls." The scandal has also led to a decrease in popular support for the PSD, which has dropped to about 23 percent in recent opinion polls, several percentage points lower than in earlier months. One PSD insider opined to Poloff February 17 that PSD's support will

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continue to erode if it does not address corruption within the party.

Oil Exec Patriciu Behind Bars?

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15. (C) On the same day Nastase received charges from the DNA, the General Prosecutor's Office (PGO) tried to issue arrest warrants for RomPetro head and senior National Liberal Party (PNL) member Dinu Patriciu -- already under investigation on charges of securities fraud, embezzlement, and money laundering -- for allegedly posing a "threat to public order" by tampering with evidence and influencing witnesses. Two Amcit partners of Patriciu -- Phil Stephenson and Colin Hart -- were also listed in the prosecutor's request, although both were currently outside of Romania. Patriciu's lawyers persuaded a tribunal judge that the request for an arrest warrant had procedural flaws, and he agreed to delay further action until March 3. Upon receiving the reprieve, Patriciu asserted to reporters assembled outside his office that he "trusted justice in Romania, but not Romanian prosecutors investigating him," whom he accused of being steered by Basescu and Macovei. Press commentators characterized Patriciu as the most visible figure ever to face arrest in post-communist Romania. Although the legal pressure against him had clearly increased, few analysts envisioned him actually being jailed. Patriciu is a personal friend -- and reportedly former employer -- of Prime Minister Tariceanu. Neither has a good relationship with the President, even if they are nominally partners in the same ruling political coalition.

Anti-Corruption Office Keeps Powers... For Now

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16. (6) At the same time as the highly visible actions against Nastase and Patriciu, Basescu met with leaders of the political parties in Parliament to consult on the ordinance to retain the DNA's authorities to prosecute Members of Parliament and other senior officials. The measure

previously failed in the Senate (ref b), but Basescu has the authority to request a second vote, expected to happen by early March. Political contacts have reported that many MPs in the governing coalition had been shamed by the negative press for their failure to show up for the initial Senate vote; and will not repeat that performance. The extreme nationalist Greater Romanian Party (PRM) has also agreed to vote for the measure. The government has also faced scrutiny from the European Commission, which sent several experts to Bucharest the week of January 6 to assess anti-corruption efforts, including the impact of the initial Senate vote against the DNA. A second group of experts on judicial reform is slated to come to Bucharest on March 6. Some local experts have expressed concern that if the law is indeed passed, the PSD may seek to test its constitutionality through an appeal to the Constitutional Court. However, one PSD aide to Geoana told poloff that representatives of the European Socialist bloc had told PSD leaders to "do what is necessary" to uproot corruption.

Comment: Anti-Corruption Battle or Political War?

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17. (C) With the indictment of Nastase and pending arrest of Patriciu, Romanian government officials and prosecutors have greatly increased the stakes in the ongoing battle against high-level corruption. For over four years, the EU and others in the international community have pushed Romania to catch a "big fish" in the anti-corruption fight. Although there have yet to be convictions, the GOR has now apparently harpooned two of the country's largest "whales" -- a former PM and senior MP; and the country's most important oil executive with links directly to one of the current ruling parties. Whether or not Basescu is behind the investigations -- and who will be the next target of prosecutors for investigation -- remains the subject of intense speculation both within the governing and opposition parties. Basescu has been known to communicate directly with General Prosecutor Ilie Botos, and many perceive Botos as being "Basescu's man," although ironically he was appointed to office under the previous PSD government. Botos and his prosecutors, however, insist that they are operating independently. Another question mark is what role the intelligence services are playing in providing information on domestic corruption cases.

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18. (C) A second open question remains whether the current activity against corruption is designed to impress the European Commission as it crafts its report to be released in mid-May that will determine if Romania accedes in 2007 or 2008. If it is meant to bolster support, it may be backfiring. According to one EC delegation official resident in Bucharest, the current push by prosecutors has presented as much of an image of political chaos as it has of a government taking a principled stand against corruption. He rated, as have other European diplomats in the past week, Romania's chances for 2007 accession at only 60-40, and made it clear he did not feel they were moving in the right direction. There is also now talk of holding up a final decision on accession timing until October, an option that until recently was viewed as extremely remote.

19. (C) Another common concern, expressed recently by civil society representatives during a meeting with the Ambassador, is that political leaders will lessen or abandon anti-corruption efforts after a final decision by the EC on an accession date. This view was repeated to PolChief by an opposition MP who confided that "all of his colleagues" in the Parliament are "now afraid." He opined that "at some point after the EU makes its decision" parliamentarians will have to "call the DNA off" or it could "bring down the entire Romanian political structure."

TAUBMAN